



Meadowdale Green
Phase II

Development Site
St. Catharines, Ontario

70 Unit Luxury Condominium



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**See extensive additional information:
photographs of the existing condominium,
possible floor plans for Phase II, other
regional economic links, and more.**

VISIT Web Site:

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Executive Summary

Meadowvale Green Phase II

In summary the development of the second phase is for a 70 unit nine storey luxury condominium building. The total development cost is \$13,277,700.00. The sell out of the condominiums will generate revenue in the amount of \$17,221,375.00 leaving a profit of \$3,943,675.00. At this time we are looking to attract \$4.0 million, in equity investment and we would be arranging the balance with traditional bank construction financing. The \$4.0 million in equity financing would share in the development profit on a 50/50 basis. We would look after all development management, construction, sales administration, financing, accounting and legal aspects for registration of the condominiums. The equity funds would be advanced in the two stages;

- (1) As soon as a commitment/partnership agreement has been finalized, one half or \$2.0 million of the investment would be advanced and would be fully secured by a first mortgage on the land which is valued at \$3.5 million. These initial funds will be used for drawings, permits, development charges, a model suite and marketing costs for the pre-sales program. We would proceed with the project only when we have 50% presales or \$5.0 million in firm sales. We plan to achieve this through an aggressive marketing and sales campaign that would hit that goal within four months.
- (2) Once those sales are achieved the balance of equity funds, \$2.0 million would be drawn to cover soft costs and start with construction. At this point construction financing would take over to cover the balance of hard costs.

The construction of the tower is scheduled to take ten months to complete with occupancy and handover of condominium deeds occurring twelve months from the start of construction. Therefore the equity investment funds would be returned sixteen months after the initial advance and twelve months after the second advance. Should the project

not achieve the 50% presales or become stalled at that point, the initial \$2.0 million, being fully secured, could become due and repayable within a set time frame and with a prescribed interest rate and penalty. The construction mortgage of \$9.0 million is being set up with a Canadian bank at prime plus 2% and would be able to be drawn on for hard construction costs after we achieve 50% in sales.

We trust this gives you a snapshot of the overall development concept and would be pleased to provide you with a detailed breakdown of every aspect of the project, including our aggressive sales and marketing program, construction management, accounting/audits, and fast tracking of condominium registration.

1 SITE OVERVIEW

1.1 Meadowvale Green Phase II

This property is one of the few remaining sites in the city of St. Catharines that is available for a high-rise condominium development. The land is fully serviced with water, storm sewer, sanitary sewer, gas and hydro. The site services include a fully paved access road complete with all curbs, gutters, sidewalks and street lighting as well as recreational facilities which includes a full size swimming pool, whirlpool and waterfall, landscaped grounds with pitch and putt golf greens and a tennis court which would be shared with the other two buildings approved for the site.

1.1.1 Roads

Scott Street is a two lane paved Municipal roadway. It is designed as a major east / west collector roadway which services development in the east end of St. Catharines.

1.1.2 Services

Sanitary sewers, storm sewers and water services have been installed to the cul-de-sac adjoining the site. Services are adequate to support the two additional proposed 70 unit apartment buildings. Services to the subject site were installed when Phase I was developed.

1.1.3 Zoning data

The subject site is zoned R3 (Third Density Residential) under By-Law #64-207, as amended By-Law #89-1, and OMB order 2840067.

1.1.4 Development charges

According to the Planning Department for the City of St. Catharines, there are no development charges in the east end of the city where the subject property is situated. Regional development charges for apartments / condominiums are \$1,500 per unit. Development charges both Municipal (if applicable) and Regional are paid at the building permit stage.

1.1.5 Description of the subject property

Site description - The subject site is an irregularly shaped parcel of land located on the north side of Scott Street near its intersection with Meadowvale Drive. It is located to the rear of Phase I which is a 130 suite, 11 floor condominium project, constructed approximately 16 years ago. The initial overall development proposal consisted of three high rise condominium buildings, with Phases II and III to have 70 units each.

Access to the subject site is by way of an easement over an existing paved roadway which starts at Scott Street and ends as a cul-de-sac to the north. The site is located at the end of the cul-de-sac. According to the draft plan which is attached, the two parcels contain 3.30 acres more or less. There are no buildings on the site other than an in-ground pool which in the initial development proposal was intended to be shared by all three Phases.

1.2 Neighbourhood analysis

1.2.1 District boundaries

The subject neighbourhood is the north end community of the City of St. Catharines. The neighbourhood is bounded by the Queen Elizabeth Highway to the south, Ontario Street to the west, Linwell Road to the north, and Lake Street to the east.

1.2.2 Location of subject property

The subject property is located near the central part of the community, being on the north side of Scott Street near its intersection with Meadowvale Drive.

1.2.3 Age and history

The neighbourhood began to develop in the early 1950's, as did much of the north end community. The immediate neighbourhood is primarily residential in character with mixed uses along Scott Street and Meadowvale Drive (Churches, High Rise Apartments, Townhouses, Commercial, a Retirement Home facility and Senior Citizens' Homes). The developed area was planned to provide housing and amenities in close proximity.

1.2.4 Percentage built up

With the exception of the subject land, the immediate neighbourhood is nearly totally built up with upper scale single family homes. The relatively few vacant sites are gradually becoming occupied with infill developments.

1.2.5 Traffic flow and traffic patterns

Major Streets are in basic north-south or east-west directions. Traffic flow is quite manageable at all times, with good access to all parts of the city and major highways.

1.2.6 Market appeal

The subject property is close to retail and convenience outlets, which is desirable for a multiple residential complex. The nearest retail plaza, the Fairview Mall, is located at the intersection of the North Service Road and Geneva Street, just over 1 km away. Public transit at the front of the property provides easy access to all parts of the city including Fairview Mall and downtown.

1.3 City analysis

1.3.1 General locale

The City of St. Catharines is located in the Niagara Peninsula, on the south shore of Lake Ontario. It is bounded to the west by the Town of Lincoln, to the south by the City of Thorold and, to the east, by the Town of Niagara-On-The-Lake. The major markets of Toronto, Hamilton, Buffalo and Rochester are all within 100 miles (160 kilometres). St. Catharines, as the hub of the Niagara Peninsula, is second only to Victoria, B.C. as a choice location for retirees while still maintaining a thriving industrial and commercial base. It is 10 km west of Niagara Falls and growing casino / tourist attractions. In addition to the local cultural and recreational activities, the theatres, galleries and other attractions of Toronto and Buffalo are within easy access and “Snow Birds” can be on their way south in minutes.

1.3.2 Population trends

The majority of local residents are of Anglo-Saxon and European origin. St. Catharines' population was fairly stable from 1976 to 1986. However, the 1991 census reported a population of 129,300, up 4.7% since 1968 (Statistics Canada, 1991 Census of Canada). It is anticipated that the population growth rate will increase during the next five years due to job growth in the Niagara area which is predicted to amount to approximately 20,000 jobs over the next three to five years. This is due in a large part to a second casino as well as nearly a billion dollars of private development coming on stream in the next 24 months.

1.3.3 Government and planning

The City of St. Catharines is one of twelve member municipalities in the Regional Municipality of Niagara. The region has a two-tiered municipal system, which is in theory a responsive and efficient form of government. The Regional government establishes policies of a cross-jurisdictional nature: transportation, services, health and welfare, police and planning, allowing municipalities to benefit from economies of scale. Responsibility is often shared with the municipalities, as is the case with services and planning. The City of St. Catharines Official Plan sets out the City's goals and objectives with regard to land use, growth and development in its guiding framework. Ten Zoning Area By-Laws define the restrictions which give effect to St. Catharines' land use policies.

1.3.4 Transportation facilities

St. Catharines has an efficient transportation network: road, water, air, and rail. The Queen Elizabeth Way is a modern freeway providing east-west links to other major Ontario centres and New York State. Highway 406 provides a north-south link through the City. The entrance to the

Welland Ship Canal, part of the St. Lawrence Seaway, is located at Port Weller in the City's east end. The canal provides access to North American cities and to raw materials crucial to large industry. Within the City, public transit service is provided. The Canadian National Railway provides connections to Ontario and New York State destinations via the Whirlpool Rapids bridge. Daily limousine service is available to Lester B. Pearson International Airport in Toronto, and to Buffalo International Airport. The Niagara District Airport, located in Niagara-On-The-Lake, handles freight and executive-type aircraft.

1.3.5 Climate

The local climate is relatively mild by Canadian standards even in comparison to Toronto. The proximity of the Niagara Escarpment enhances the moderating effect of Lakes Ontario and Erie on weather throughout the year. The summer season tends to be longer than average with, typically, a full four months of good growing conditions.

1.4 Overall summary

The development is located in a prime area of St. Catharines, namely in a built up residential neighbourhood where detached homes range in price from \$200,000 to \$340,000. Sales of condominiums in the adjacent property - Meadowvale Green Phase I - have been consistently higher during the past three years. As can be seen in the attached sales summary, the highest price per square foot in 2000-2001 was \$134 and in 2002 it rose to a high of \$140. These values had not been achieved previously in the decade since the peak of the market in 1989. Sales during 2005 averaged \$200 per square foot in Meadowvale Green Phase I. With the market strengthening during the next 18 months it is felt that the sale price for prime luxury condominiums will likely attain levels of \$215 to \$225 per square foot by targeting the empty nester and young

business/professional markets with units of approximately 1000 square feet, two bathrooms, a smaller kitchen but formal dining room, room for an office, state-of-the-art communications capabilities, laundry facilities in the suite and parking that is fully enclosed, secured and easily accessible. In fact, these levels are already being seen in recent sales from late 2005 and early 2006. This prime project will appeal to the middle income retirement and the young business/professional markets.

2 Real estate market conditions

2.1 Overview

Currently, in St. Catharines, very little vacant industrial space is available. Most downtown office space has been leased during the past three years. Real estate salespeople are complaining of the lack of listings to sell, and the resale market is becoming increasingly strong to the point that properties are selling as soon as they are listed, and properties are selling at near full price.

In addition, large employers such as the Niagara Falls Casinos with in excess of 5000 employees and Brock University with 4000 employees make the St. Catharines Niagara Area a strong vibrant local economy

Construction began in August 2006 on \$1 billion hydro tunnel under Niagara Falls which will allow a third generator at the Sir Adam Beck Generating Station.

The Niagara Region is a leader in the telecommunications industry due to its advanced fibre optic network, and quality of its workforce which is highly trainable. Canadian Tire Acceptance has more than doubled its Welland operations in the past year with construction of a new call centre. Their space needs were initially expected to be 35,000 square feet, but quickly grew to over 75,000 square feet this summer.

Local industry remains the mainstay of the local economy. It is diversified with over 265 manufacturers employing more than 14,000 people. General Motors Corporation has been the city's single largest employer, employing 4,300 people. However, St. Catharines has in the past 10 years transformed itself into a university city much like London and Kitchener/Waterloo.

Multiple residential projects have had a strong market with increasing prices. The present situation appears to be a demand without sufficient supply. No signs of any change are in view.

2.2 Summary

In summary, the City of St. Catharines is the focus of economic activity in the Niagara Region. It is well positioned with the existing infrastructure and access to the major North American markets. Recent growth has been in the service industry and public sector. Sales activity has been advancing with strengthening job growth, increasing consumer confidence, and low interest rates. Overall indications are favourable for strong sales in both resale and new homes as a result of a lack of supply in the market, or rather, until new home starts establish an adequate supply, an increase in the price of new and resale homes is to be expected. New housing in St. Catharines is coming on the market in the \$170 - \$180 per square foot range and with resale housing selling in the \$160 - \$170 per square foot range, one could comfortably conclude that resale price will escalate during the coming 12 months to the extent of 4 - 5%.

Condominiums have become extremely popular in the past 24 months with bungalow townhomes and bungalow condominium apartments selling as fast as they are finished in the marketplace. The price for these condominiums range from \$200 to \$230 per square foot for upper end 2 bedroom units as proposed in Meadowvale Green Phase II.

3 Development cost budget

3.1 Hard costs

Land, 70 units @ \$25,000 per unit	\$1,750,000
Parking garage 122 spaces with car wash	\$ 680,000
9 storey structure including finishing units with 2 4-piece baths, oak kitchen, ceramic and carpet flooring, ensuite laundry and 6 appliances	\$8,600,000
Building Permits	\$ 86,100
Drawings	\$ 70,000
Regional Development Charges	\$ 168,000
Inspection and Testing	\$ 30,000
Contingency	<u>\$ 280,000</u>
TOTAL Hard Costs	\$11,664,100

3.2 Soft costs

Development Management @ 5%	\$ 475,000
Construction Supervision	\$ 218,000
Interest costs 10 months on \$9.0 million	\$ 198,000
Legal	\$ 81,600
Survey	\$ 45,000
Marketing brochures, advertising	\$ 86,000
Real estate sales fees	<u>\$ 510,000</u>
TOTAL Soft Costs	\$1,613,600

3.3 Total development cost

70 Units @ \$201,109 (avg. \$180 per sq. ft.)	\$13,277,700
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4 Projected sales revenue

Ground floor (1st Floor)

Type of Unit	Square Feet/Unit	Price per Square Foot	Revenue
3 - A's	1150 sqft	\$225.00	\$776,250.00
1 - C	875 sqft	\$210.00	\$183,750.00
1 - D	1450 sqft	\$230.00	\$333,500.00
1 - B	1050 sqft	\$220.00	\$231,000.00

Total Floor Revenue = \$1,524,500.00

Floors Two Through Six (5 Floors)

Type of Unit	Square Feet/Unit	Price per Square Foot	Revenue
1 - A1	1250 sqft	\$225.00	\$281,250.00
3 - A's	1150 sqft	\$230.00	\$793,500.00
2 - B's	1050 sqft	\$220.00	\$462,000.00
1 - C1	975 sqft	\$215.00	\$209,625.00
1 - C	875 sqft	\$210.00	\$183,750.00

Total Revenue/Floor (\$1,930,125.00) x 5 Floors
= \$9,650,625.00

Floors Seven and Eight (2 Floors)

Type of Unit	Square Feet/Unit	Price per Square Foot	Revenue
1 - A1	1250 sqft	\$230.00	\$287,500.00
3 - A's	1150 sqft	\$230.00	\$793,500.00
2 - B's	1050 sqft	\$230.00	\$483,000.00
1 - C1	975 sqft	\$230.00	\$224,250.00
1 - C	875 sqft	\$225.00	\$196,875.00

Total Revenue/Floor (\$1,985,125.00) x 2 Floors
= \$3,970,250.00

Penthouse

Type of Unit	Square Feet/Unit	Price per Square Foot	Revenue
2 - A1's	1250	\$240.00	\$600,000.00
2 - A's	1150	\$240.00	\$552,000.00
2 - B's	1050	\$240.00	\$504,000.00
2 - C's	875	\$240.00	\$420,000.00

Total Floor Revenue = \$2,076,000.00

Total Revenue for All Floors = \$17,221,375.00

5 Market Feasibility Study

6 Sales information

6.1 Phase I, sales 2005

date	unit	model	sq. ft.	selling price	price per sq. ft.
2004 Jan	208	Foxglove	750	\$128,000	\$170.67
2004 Feb	104	Satinwood	950	\$171,000	\$180.00
2004 Feb	312	Eastwood	925	\$169,900	\$183.68
2004 Feb	610	Satinwood	950	\$165,000	\$173.68
2004 Feb	612	Eastwood	925	\$172,000	\$185.95
2004 Feb	710	Satinwood	950	\$172,500	\$181.58
2004 Mar	109	Satinwood	925	\$179,900	\$194.49
2004 Mar	811	Rosewood	925	\$179,900	\$194.49
2004 May	502	Rosewood	925	\$179,900	\$194.49
				Average price per sq. ft.:	\$184.34

6.2 Phase I, sales 2004

date	unit	model	sq. ft.	selling price	price per sq. ft.
2004 Jan	208	Foxglove	750	\$128,000	\$170.67
2004 Feb	104	Satinwood	950	\$171,000	\$180.00
2004 Feb	312	Eastwood	925	\$169,900	\$183.68
2004 Feb	610	Satinwood	950	\$165,000	\$173.68
2004 Feb	612	Eastwood	925	\$172,000	\$185.95
2004 Feb	710	Satinwood	950	\$172,500	\$181.58
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2004 Mar	811	Rosewood	925	\$179,900	\$194.49
2004 May	502	Rosewood	925	\$179,900	\$194.49
				Average price per sq. ft.:	\$184.34

6.3 Survey of Canadian house prices

(source: www.royallepage.ca)

6.4 Selected MLS listings



81 Scott Street, Meadowvale Green Phase I

(source: Niagara Association of Realtors)

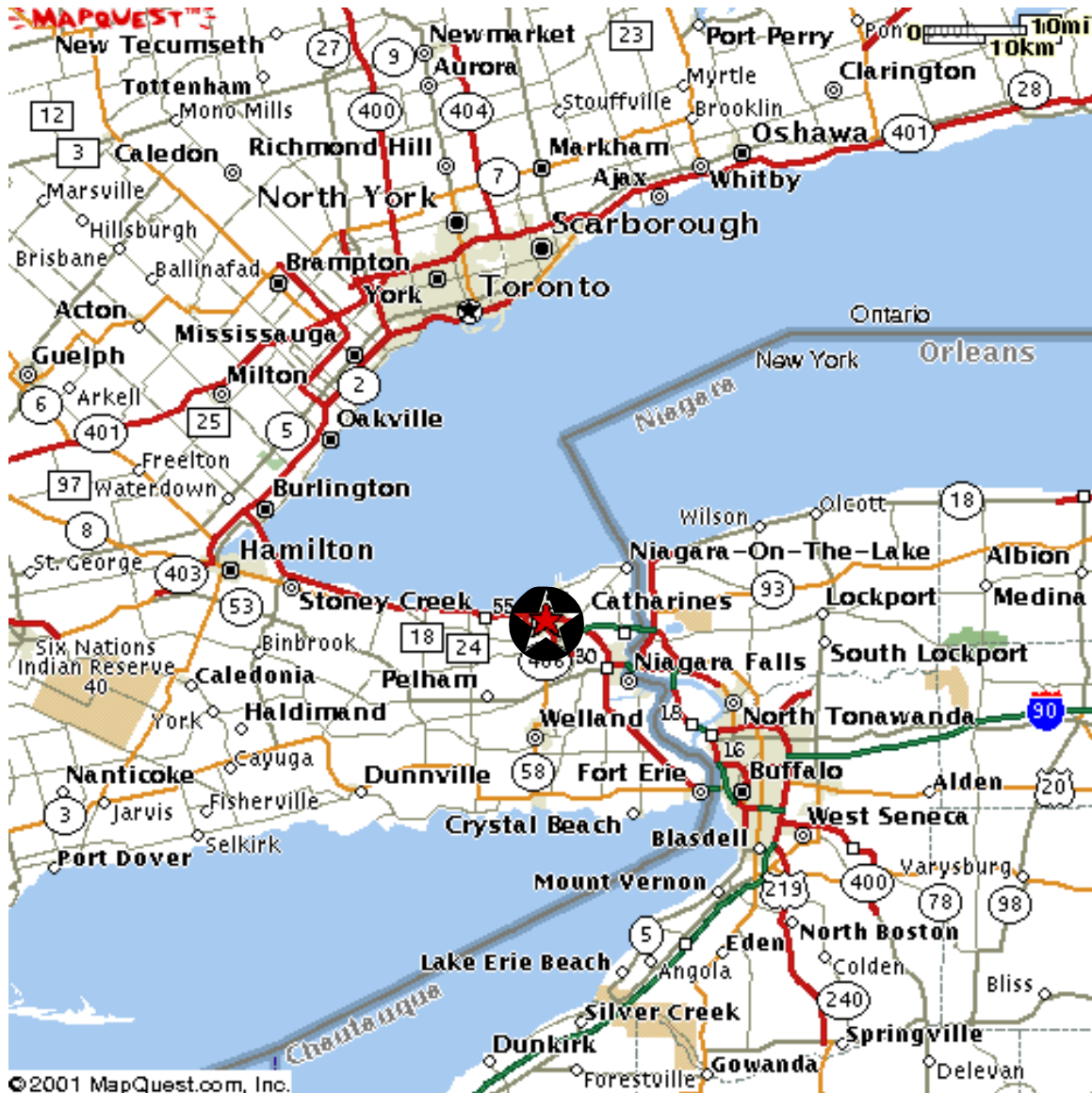
6.4.1 Selected 2006 listings

6.4.2 Selected 2005 listings

6.4.3 Selected 2004 listings

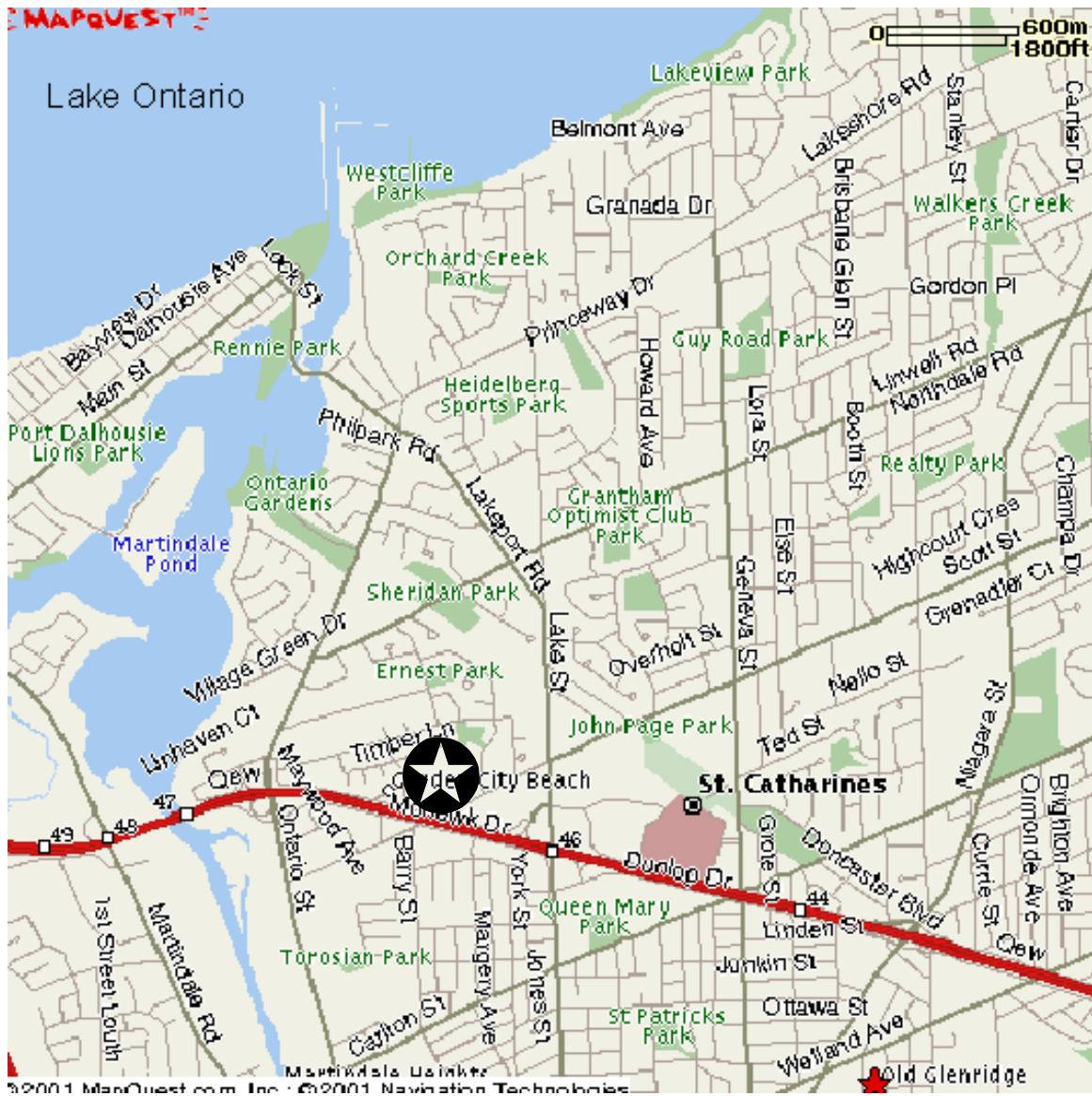
7 Location map, sketch, survey and Phase I

7.1 Location map



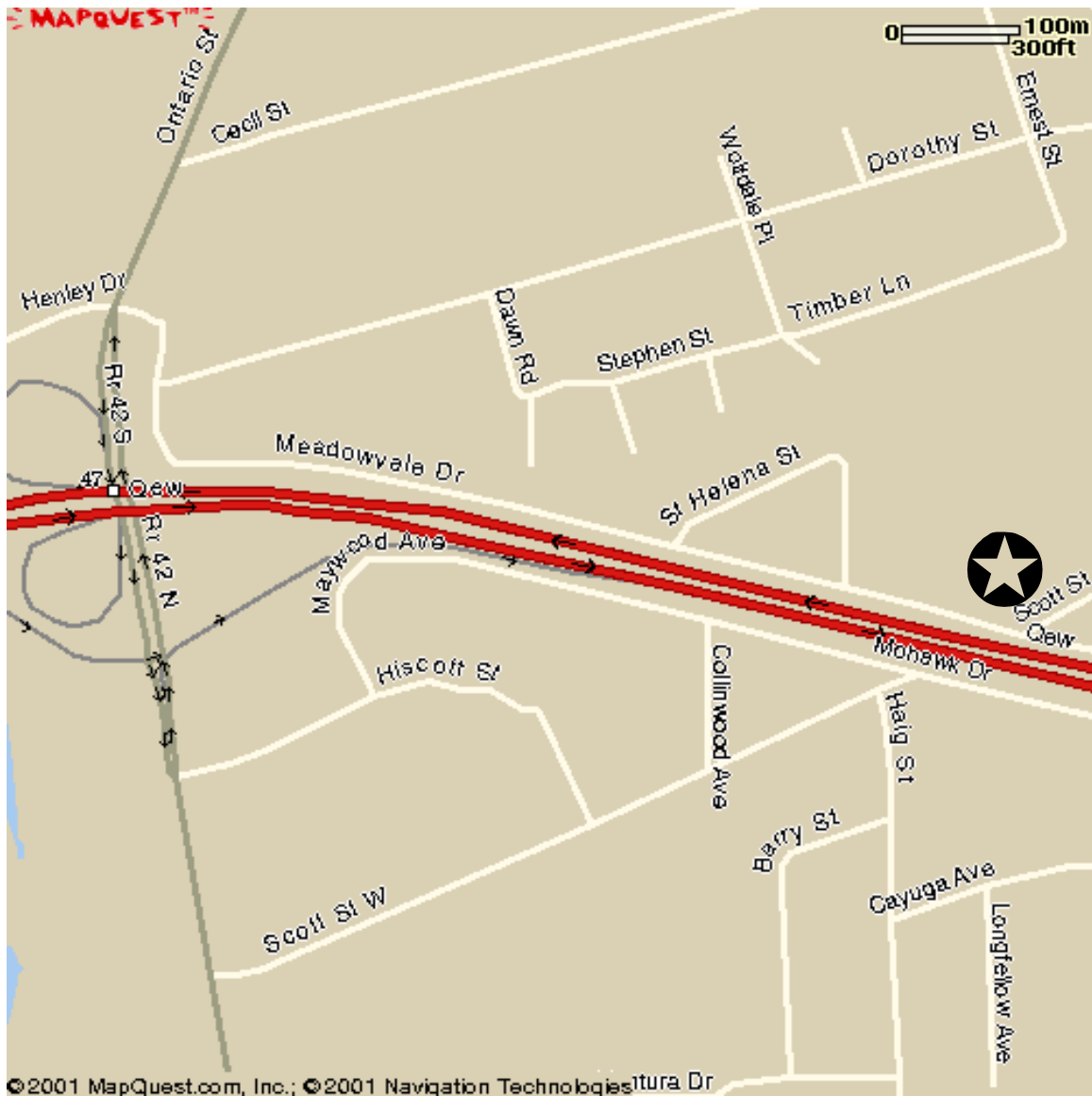
- ★ Located in the Heart of the Niagara Peninsula,
Minutes from Niagara Falls, Niagara-on-the-Lake
30 minutes from Hamilton, Fort Erie, Buffalo
One hour from downtown Toronto

Location Map (cont.)



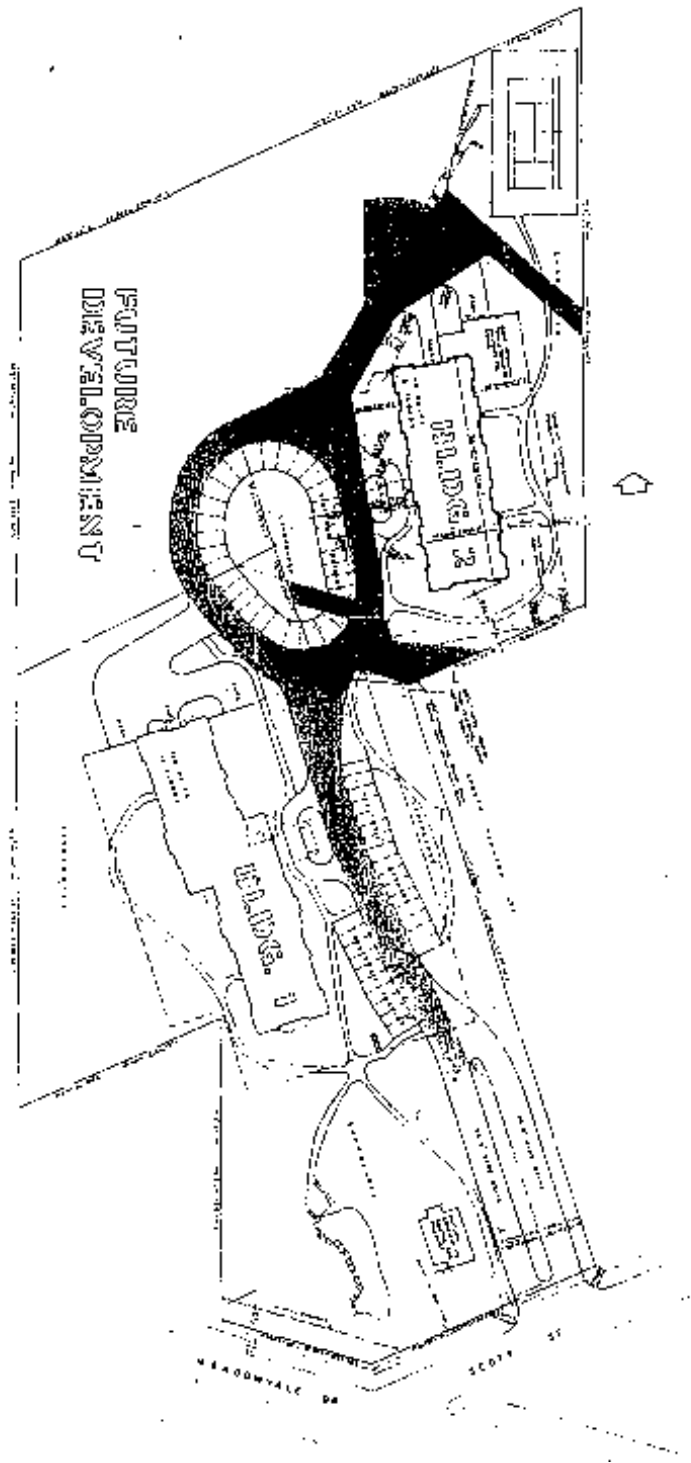
- Close to Fairview Mall and other shopping
- St. Catharines transit stop at Meadowvale and Scott St.
- Minutes from Downtown, Port Dalhousie, Henley Regatta

Location map (cont.)

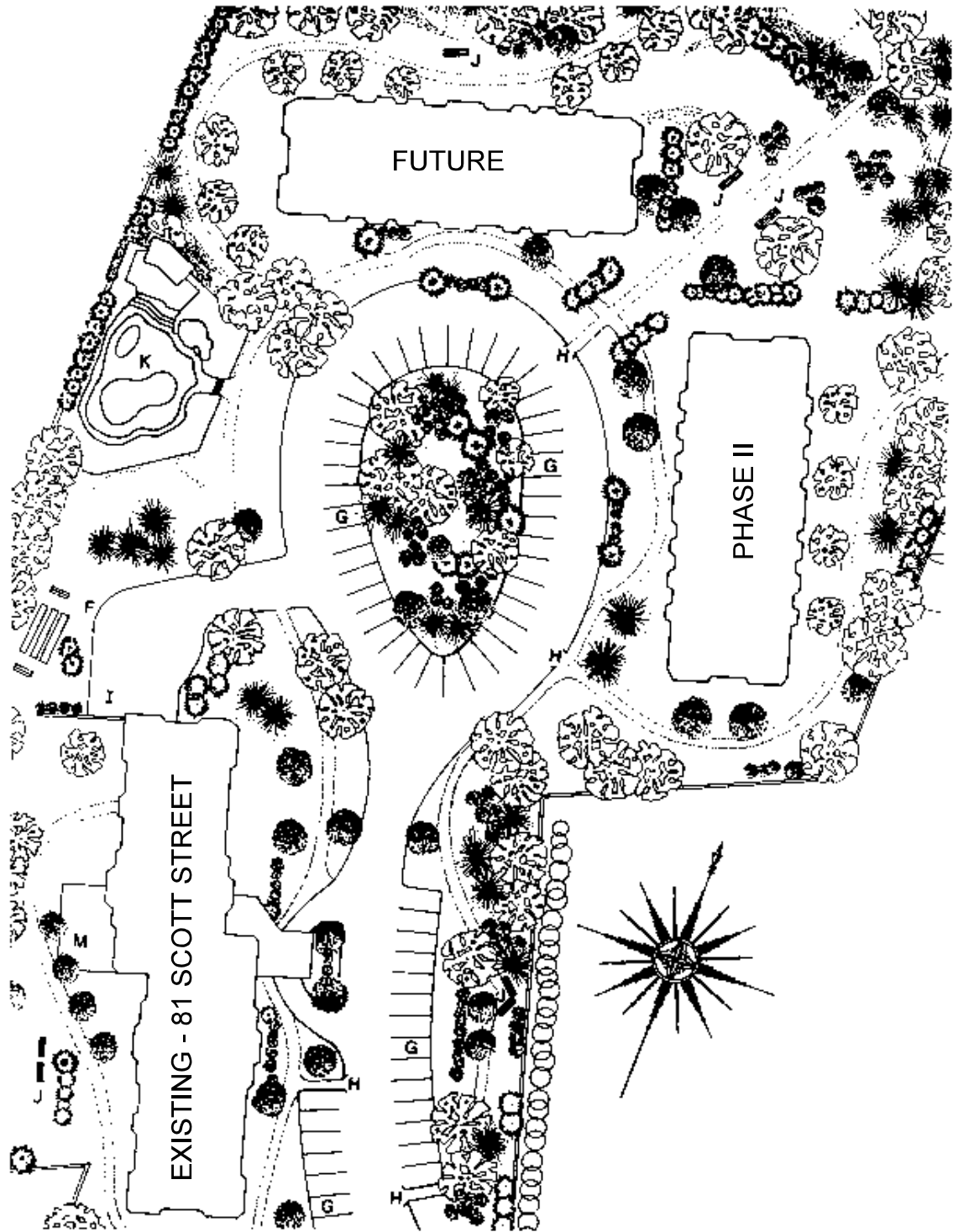


- ★ ACCESS from QEW eastbound:
Ontario Street exit, left at traffic signal
Right at next traffic signal (Meadowvale Drive)
Keep to right, at Scott Street (~1 km)

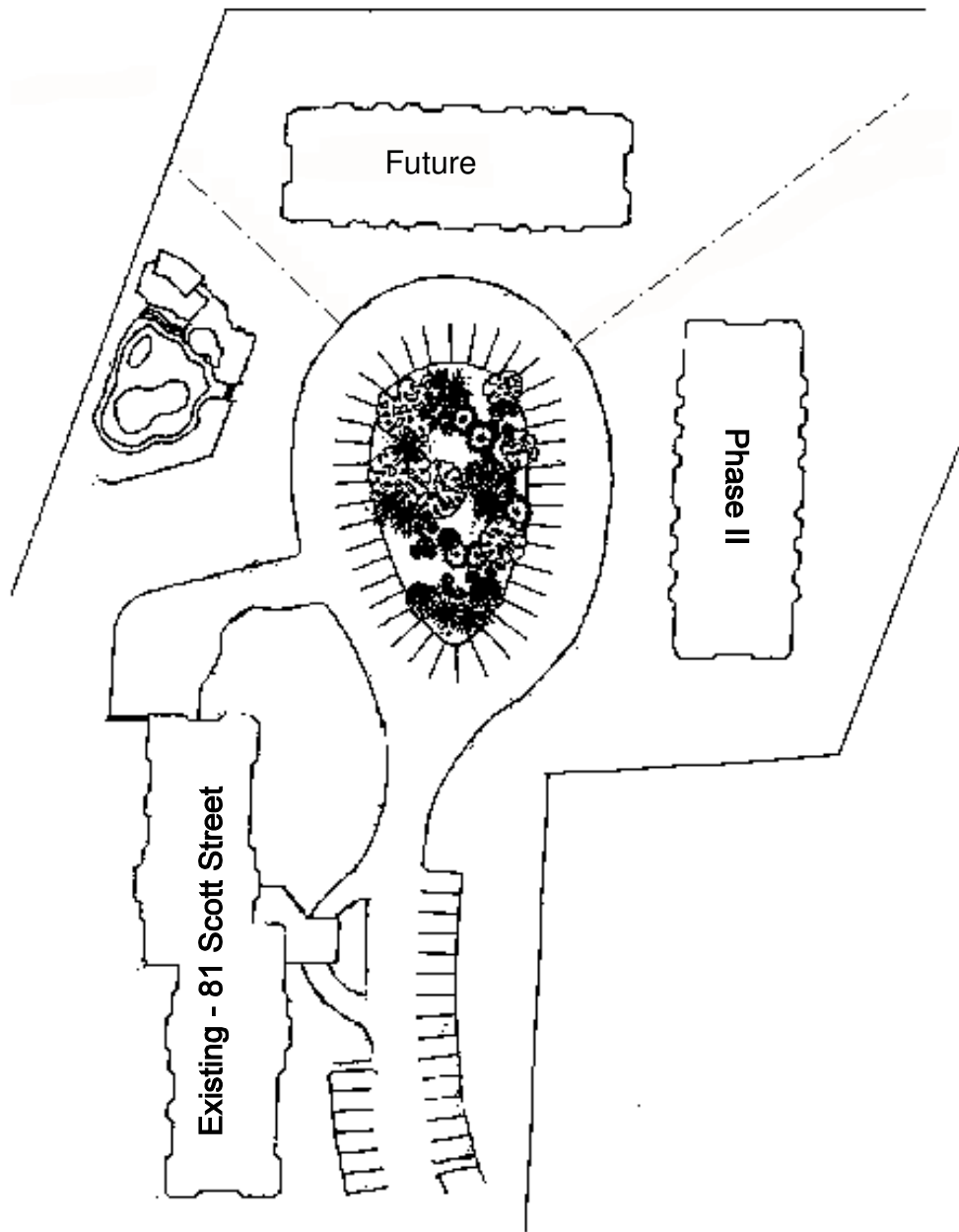
7.2 Sketch of site



Sketch of site (cont.)

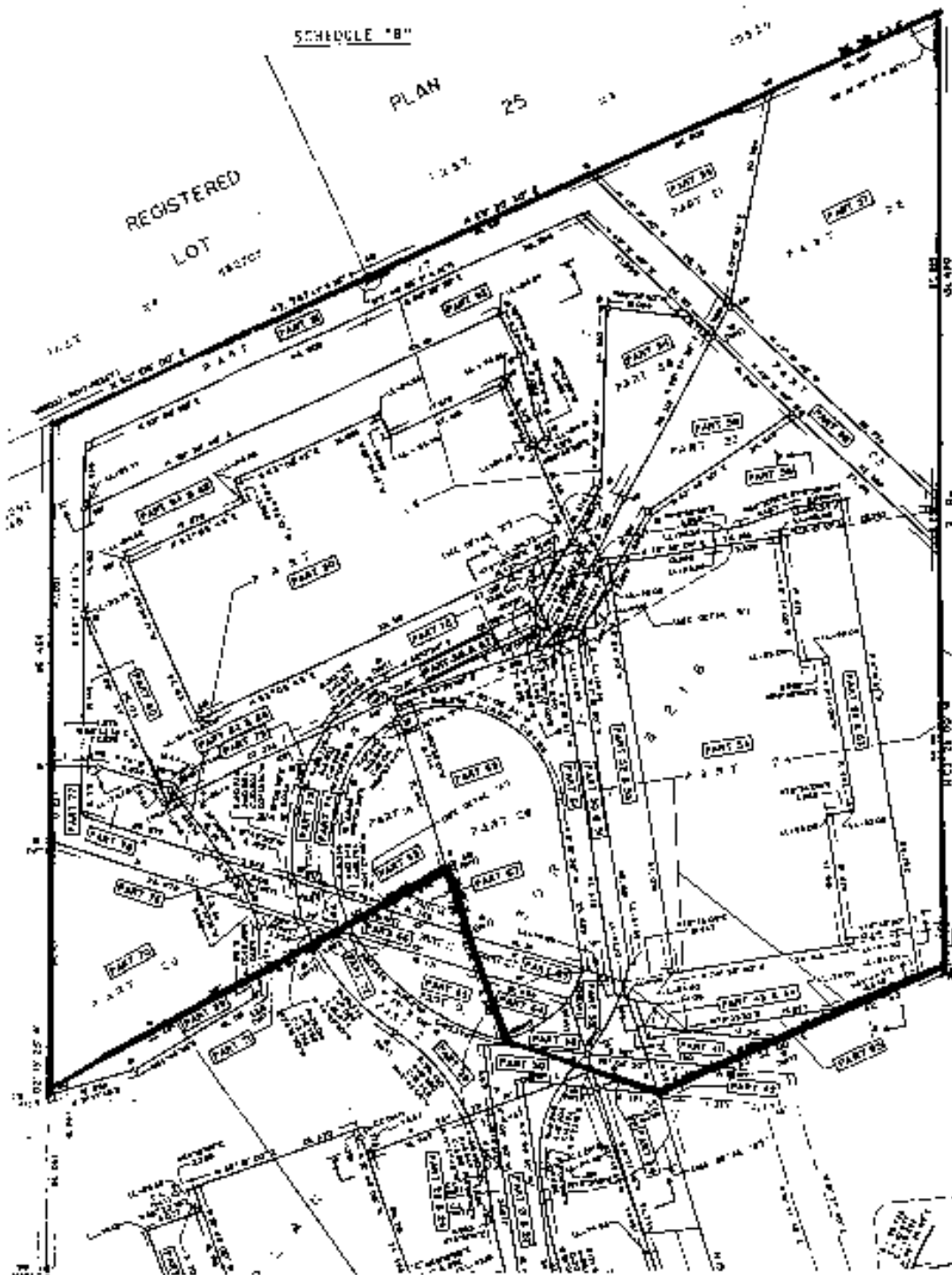


Sketch of site (cont.)



Scott Street Site: Existing, Phase II, Future

7.3 Survey (Phase II and future)



7.4 Meadowvale Green - artist's rendering



Artist's rendering of Meadowvale Green

8 Niagara Regional Economic Outlook

**See extensive additional information:
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